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DE RUCNDT #2223/01 3402328
ZNR UUUUU ZZH
P 062328Z DEC 06
FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC PRIORITY 0890

UNCLAS USUN NEW YORK 002223

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E.O. 12958: N/A
TAGS: [AORC](#) [UNGA](#) [KUNR](#)
SUBJECT: UN CAPITAL MASTER PLAN: INFORMAL CONSULTATIONS
FOCUS ON FINANCING AND COST INCREASES

¶1. SUMMARY: On December 4, the Fifth Committee (Administrative and Budgetary) continued informal consultations on the Capital Master Plan. Delegations raised questions regarding cost increases since last year, in particular with regard to swing space and scope options. On financing, Switzerland, Canada and China raised questions as to whether Member States that paid one-time and up-front could receive a discount or benefit for doing so. The Secretariat provided clarifications with regard to the timing

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of the letter of credit and expenditures. Argentina sought clarification on whether a decision on drawing down from the letter of credit should be made now or whether the General Assembly could come back to this issue later. Japan wondered whether the GA could devise a new definition of "on time and in full" for payments.

¶2. SUMMARY CONTINUED: Jamaica (on behalf of the Group of 77 and China) asked whether the host country was going to make voluntary contributions to the Plan. The U.S. delegate noted the U.S. complied fully with the Headquarters and all other applicable agreements, and that the host country and city funded a good deal of security costs, some of which would have otherwise been financed through the Plan. The Committee will return to the matter on December 8, though the Coordinator (Syria) hoped to have an additional informal session to review technical matters related to assessments and the letter of credit. He asked for delegations to submit resolution language this week, so that negotiations could begin as soon as all questions were answered. END SUMMARY.

Informal Consultations

¶3. On December 4, the Fifth Committee resumed informal discussions on the Capital Master Plan, with Member States noting concerns with the Secretariat's proposal for the Plan. Delegations raised questions regarding the cost increases since last year, in particular related to swing space and scope options. On financing, Switzerland, Canada and China raised questions as to whether those Member States that paid one-time, up-front would be given a discount or receive some benefit for doing so (which was predicated on the fact that the UN would invest contributions in an interest-bearing account and use these funds to offset assessments for Member States that were paying over multiple years). In response to questions by the U.S. delegate and others, the Secretariat clarified that a letter of credit needed to be in place by the time the "part B construction services" construction manager contract was signed, which would be approximately 12 to 15 months after the "part A pre-construction services" contract was signed, most likely in December 2006 or January ¶2007. Therefore, the letter of credit would be finalized late next year.

¶4. Argentina sought clarification on whether a decision on drawing down from the letter of credit should be made now or whether the General Assembly could come back to this issue later. Japan wondered whether the GA could devise a new definition of "on time and in full" for payments, such as 90 days after an assessment letter was sent out (versus 30 days) or 80 percent of a contribution (versus 100 percent). The Secretariat noted that further information on questions would

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be forthcoming in writing. Nigeria inquired as to the Secretariat's progress regarding fundraising activities, as

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well as locating possible private donors to help with the Plan. The Secretariat responded that locating a donor was still a possibility, but fundraising had historically proven to be a drain on resources with little hope of a substantial return on the investment. There was nothing in the current budget for fundraising, and moving resources to this function could cause further delays, he said.

¶5. Noting the Secretary-General's proposal to consider payments late 30 days after assessments are issued (vs. received by Missions), the Russian Federation delegate asked the Secretariat if Member States would receive letters of assessment from dispatch officers on the same day of issuance. He noted that there is currently a delay of five to seven days from the date on the letter to when he receives the letter by fax. He said given the scope of the project his delegation would have to allow its capital ample time to obligate funding for the Plan. He hoped that it might be possible for the Secretariat to make this adjustment for future CMP assessments. The Secretariat agreed to look into the matter before the next informal consultation.

¶6. Jamaica (on behalf of the Group of 77 and China) repeatedly inquired why there were different costs regarding swing space, specifically related to the Library. The Secretariat replied that the Library would be located in Long

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Island, which had different costs for rental space and transportation and housing of the Library's collection.

Swing space for Secretariat personnel would be located near its current location in the City, which was more expensive than Long Island. Finland (on behalf of the European Union) wanted to know what the future estimated costs might be regarding maintenance of the building. The Secretariat said that, based on discussions with the UN in-house facilities manager, costs for building maintenance should be considerably less since the building would be new, although there would be costs to maintain new systems. The delegate also inquired as to whether the Secretariat had considered anything other than even assessments when looking at multi-year payment options. She wondered why the Secretary-General did not instead propose assessments in line

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with expected expenditure (i.e. payment of 10 percent in the first year, 25 percent the next two years, and 20 percent for the last two years) and requested further information.

¶7. Towards the end of the session, Jamaica asked the host country whether the host country planned to make voluntary contributions to the Plan, as other host countries have done with respect to projects in their respective countries. The U.S. delegate noted that the U.S. complied fully with the Headquarters agreement and all other applicable agreements. She also noted that the host city and country funded a good deal of security costs, some of which would have otherwise been funded through the Plan.

¶8. The Committee will return to the matter on December 8, though the Coordinator (Syria) hoped to have an additional informal session to go over technical matters related to

assessments and the letter of credit. He asked for delegations to submit resolution language this week, so that negotiations could begin as soon as all questions were answered.

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